



1977 FUND AT A GLANCE

1977 POLICE OFFICERS' & FIREFIGHTERS' PENSION AND DISABILITY FUND



Membership in the 1977 Fund is for full-time, police officers and firefighters who work for employers participating in the 1977 Fund and who are hired or rehired after April 30, 1977. To become a member of the 1977 Fund, a police officer or firefighter must pass the required statewide baseline physical examinations and the mental standards of the local board and be less than 36 years of age.

Base Salary

Benefits paid by the 1977 Fund are calculated according to a base salary amount. The base salary is the salary of a first-class police officer or firefighter plus all longevity increases (if provided by the employer) for service of 20 years or less. Upon retirement, benefits are based on the base salary effective for your department in the year your service ends.

Contributions

Employer Contributions

Employers are required to contribute 19.7 percent of an employee's base salary to the 1977 Fund. The employer contribution rate is set annually by the INPRS Board of Trustees based on actuary recommendations.

Employee Contributions

You must also contribute 6 percent of your base salary, which is deducted each pay period from your salary.

Withdrawal

Active 1977 members can separate from one 1977 Fund participating employer to become employed with another participating 1977 Fund employer. Age limitations and physical and mental requirements are waived if reemployment occurs within 180 days after separation.

The 180 day limitation does not apply to 1977 Fund members who are reinstated with a police or fire department following a layoff for financial reasons.

Retirement and Survivor Benefits

Three types of benefits payable in the 1977 Fund are all funded by the employer-financed contribution and the employee mandatory contribution. They include retirement benefits, survivor benefits and disability benefits.

Normal Retirement Benefits

Eligibility

You are eligible for an unreduced retirement benefit if you have at least 20 years of creditable service in the 1977 Fund, are at least 52 years of age and have retired from service.

Amount

You will receive a monthly benefit equal to at least 50 percent of the base salary in the year you retired. With 20 years or more of service, you will receive an additional 1 percent of base salary for each six months of active service over 20 years, up to a maximum of 12 additional years.

Normal Retirement Benefits, cont.

Deferred Retirement Option Plan (DROP)

The Deferred Retirement Option Plan (DROP) allows members who are eligible for an unreduced retirement benefit to continue to work and earn a salary while accumulating a DROP benefit payable in a lump sum or three annual installments. The member shall select a DROP retirement date not less than 12 months and not more than 36 months after the member's DROP entry date.

Early Retirement Benefits

If you have 20 years of service, you may elect to retire and receive actuarially reduced benefits at age 50.

Lump Sum Death Benefit

Your heirs or estate are entitled to receive a one-time death benefit of \$12,000 upon your death.

Survivors of Members Who Die in the Line of Duty

If you die in the line of duty while an active member of the 1977 Fund, the following survivor monthly benefits will be paid. Each benefit below will be calculated as though you were receiving retirement benefits at age 52 with 20 years of service.

- **Spouse:** entitled to a monthly benefit equal to 100 percent of your monthly retirement benefit
- **Surviving children:** entitled to a monthly benefit equal to 20 percent of your monthly retirement or disability benefit. The benefit is payable until the child reaches 18 years of age or until the child reaches 23 years of age if the child is enrolled in and regularly attending a secondary school or is a full-time student at an accredited college or university.
- **No surviving eligible child or spouse:** qualified parents are entitled jointly to receive 50 percent of your monthly benefit

Survivor Benefits

Survivors of Active Members (Non-Line of Duty) and Survivors of Retirees

If you die as either an active member of the 1977 Fund, or after leaving employment with at least 20 years of creditable service but are not yet retired and receiving benefits, the following survivor benefits will be paid. Each benefit will be calculated as though you were receiving retirement benefits at age 52 with 20 years of service. The following survivor benefits will also be paid if you die while receiving retirement or disability benefits.

- **Spouse:** entitled to a monthly benefit equal to 60 percent of your monthly retirement benefit
- **Surviving children:** entitled to a monthly benefit equal to 20 percent of your monthly retirement benefit. The benefit is payable until the child reaches 18 years of age or until the child reaches 23 years of age if the child is enrolled in and regularly attending a secondary school or is a full-time student at an accredited college or university.
- **No surviving eligible child or spouse:** qualified parents are entitled jointly to receive 50 percent of your monthly benefit

Beneficiaries

Eligible survivors for 1977 Fund members are set by law and are not subject to personal choice.

You may designate one or more beneficiaries to receive contributions if you die before receiving retirement benefits, without a spouse, child or parent entitled to receive survivor benefits, without receiving a disability benefit or without the board returning your member contributions. Contributions will be paid to your estate if there is no eligible survivor and no beneficiary is designated.

**1977 FUND AT A GLANCE****Line of Duty
Benefits****Death Benefit**

If you die in the line of duty (as determined by INPRS), a special one-time death benefit of \$150,000 will be paid to your surviving spouse, or surviving children if there is no spouse. If you have no surviving spouse or child, the special death benefit is payable to your parent or parents in equal shares.

**Distribution
of Member
Contributions**

If you have at least 20 years of service and terminate employment before you are age eligible for a retirement benefit, you are not eligible to withdraw your member contributions. The member contributions are part of the funding of your monthly pension benefit. If you terminate employment before you complete 20 years of service, you can withdraw your 6 percent member contributions and accumulated interest (rate set by the INPRS Board of Trustees) from the 1977 Fund. You may elect to have the distribution paid directly to you, or you may direct the 1977 Fund to make a direct rollover of the distribution amount.

If you terminate employment prior to being eligible for monthly benefits, you may be eligible to elect a distribution of your member contributions. If you do so, you will be taxed (as ordinary income) for the year the distribution is received on the following amounts:

- The 6 percent contribution made on a pre-tax basis, and
- All contributions which are personally excluded on your individual tax returns.

If you are under age 59 1/2 at the time your distribution is paid, you may be subject to an additional 10 percent federal tax penalty on the above taxable amount. The 6 percent contributions that were withheld from your pay and included on your individual tax return are not subject to further taxation.

An explanation of your three annuity payment choices and the tax consequences of those choices follows:

- **Choice A:** To have the total amount of your contributions (less the mandatory withholding for federal income tax) PAID DIRECTLY TO YOU.
- **Choice B:** To have the entire taxable portion of your contributions paid in the form of a DIRECT ROLLOVER to an Individual Retirement Account (IRA) or a Qualified Retirement Plan which has provisions allowing it to accept the rollover on your behalf.
- **Choice C:** (May be selected only if you want a partial rollover amount of at least \$500) To have a part of the taxable portion of your contribution paid in the form of a DIRECT ROLLOVER to an IRA or a Qualified Retirement Plan which has provisions allowing it to accept the rollover on your behalf.

Income Taxes

NOTE: INPRS is required to withhold 20 percent of any taxable portion of your contributions which are paid directly to you and not paid in the form of a DIRECT ROLLOVER to an IRA or a Qualified Retirement Plan.

If you elect Choice B or C, INPRS will deliver to you a check payable to the trustee of the IRA or Qualified Retirement Plan and a separate check payable to you representing your non-taxable portion and any taxable portion not directly rolled over. You will then be responsible for delivering the check to the trustee of the IRA or Qualified Retirement Plan that you specified on your distribution form.

NOTE: There will be no income tax withholding on any amount directly rolled over.

CAUTION: You should consult the trustee of your qualified plan or IRA or your professional tax advisor if you need further information regarding the taxes on your distribution.

Please call us toll-free at (888) 526-1687 or e-mail us at questions@inprs.in.gov if you have specific questions regarding your retirement benefits.

Every attempt has been made to verify that the information in this publication is correct and up-to-date. Published content does not constitute legal advice. If a conflict arises between information contained in this publication and the law, the applicable law shall apply.